

# United States Senate

WASHINGTON, DC 20510-2102

May 10, 2011

The Honorable Julius Genachowski  
Chairman  
Federal Communications Commission  
445 12th Street, SW  
Room 8B201  
Washington, DC 20554

**0576**

Dear Chairman Genachowski:

I am writing to follow up on Mayor Menino's recent petition regarding unchecked rising cable rates in Boston. I share Mayor Menino's concerns about the consequences of price increases on families that can least afford it.

As you know, telecommunications deregulation was supposed to dramatically increase competition and lower rates. There is no doubt that it has successfully spurred innovation and in some cases lowered prices. Yet, while media profits rise and a few cable and telephone companies grow through investment and acquisition, cable competition in Boston has not been a check on rising rates. As wages for too many families remain stagnant, the skyrocketing basic cable rates in recent years have put increasing pressure on family budgets that are already squeezed.

A recent study commissioned by Mayor Menino's office confirmed that the basic cable rate for one company within the City of Boston jumped from \$9.05 per month in 2008 to \$15.80 in 2011. After holding increases in the basic tier of service rate below 6 percent each year from 2002 to 2009, the rate suddenly jumped by more than 60 percent in just the last three years. At the same time, in neighboring areas that are still rate regulated by the FCC's regulatory scheme, prices have grown significantly more slowly. In fact, this study concludes that this company has collected around \$24 million more from Boston subscribers since 2008 than they could have when compared to the regulated rates consumers pay in surrounding areas. Additionally, this study notes that other unregulated communities in Massachusetts have seen similarly large price increases. Specifically, basic cable rates in Brookline and Everett jumped 17.6 percent and 16.7 percent, respectively, in the past year alone.

Mayor Menino is right to ask for an explanation of why that is, whether it requires you to revisit your finding of competition in Boston and other markets like it, and what you recommend to families facing rising prices for access to basic cable services. Given the importance of access to service and the growth in the cost of media for families, I am particularly concerned about the rise in what would have been rate regulated services without the FCC finding of competition.

Therefore, I hope you will provide the Senate Commerce Committee with an analysis of the price effects the Effective Competition determination has had on basic cable rates using a

The Honorable Julius Genachowski

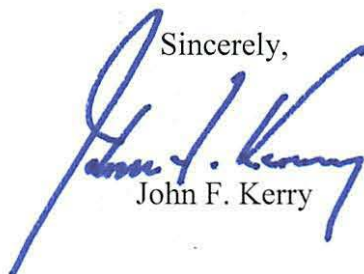
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sampling of markets where this determination has been made over the last ten years, including Boston and other cities in Massachusetts. I hope to ascertain whether rate hikes are specific to Boston or systemic, if the hikes are justified, and what the factors are that can effectively check those rate hikes. If one or two competitors to the dominant provider is not having the expected price effect and prices are rising in tandem among the few providers that exist, then we must examine the benefits those price increases represent for consumers and how the increases affect working families.

Thank you in advance for your attention to this matter.

Sincerely,

A handwritten signature in blue ink, appearing to read "John F. Kerry". The signature is stylized with a large initial "J" and "K".

John F. Kerry





FEDERAL COMMUNICATIONS COMMISSION

July 14, 2011

JULIUS GENACHOWSKI  
CHAIRMAN

The Honorable John F. Kerry  
Chairman  
Subcommittee on Communications, Technology,  
and the Internet  
Committee on Commerce, Science, and Transportation  
United States Senate  
218 Russell Senate Office Building  
Washington, D.C. 20510

Dear Chairman Kerry:

Thank you for your letter concerning the rates charged for basic cable television service and the Petition recently filed with the Commission by the City of Boston. I understand your concern and am pleased to provide the enclosed summaries of the rates charged for basic cable television service in the City of Boston and several other communities in Massachusetts over the past ten year period.

The Industry Analysis Division of the Commission's Media Bureau prepared the enclosed summaries from data the Commission collects for its annual cable price survey. Since the cable television operators that respond to the FCC's price surveys do so under assurances that the data they supply will not be disclosed to the public in a manner that reveals the identity of individual survey participants, I respectfully request that you accord this data confidential treatment.

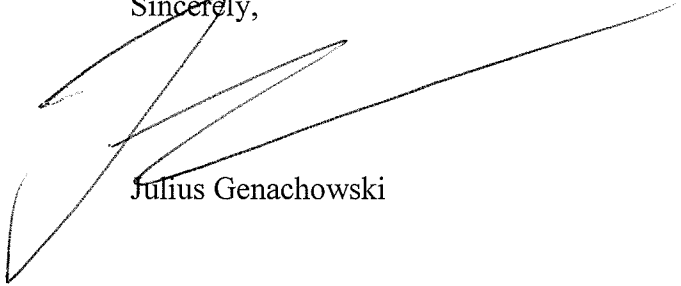
The summaries show the rates charged for basic cable service in competitive and noncompetitive franchise areas in the sampled Massachusetts communities, as well as the national average price charged for basic cable service in competitive and noncompetitive communities. The data also include the number of channels carried on the basic service tier in each sampled community, along with the price charged for basic service on a per channel basis.

The City of Boston filed the Petition that you discuss in your letter on May 9, 2011. The Petition requests that the City of Boston be recertified to regulate the rate charged for basic cable television service. On May 13, 2011, the Commission's Media Bureau issued a *Public Notice* announcing the filing of the Petition and commencing the period for public comments. The public comment period recently closed and the Bureau is reviewing the record.

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The Commission's staff is available to meet with your office to discuss any additional questions or issues pertaining to this situation. If I can be of further assistance, please do not hesitate to contact me.

Sincerely,



Julius Genachowski

Enclosures